

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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| (1) DEPARTMENT Airports | (2) MEETING DATE 2/9/2016 | (3) CONTACT/PHONE Kevin Bumen 781-5205 | |
| (4) SUBJECT Request to approve change order No. 3 for the New Passenger Terminal Construction Project at the San Luis Obispo County Regional Airport in the amount of \$420,000 for placement of lime treated soils as backfill in foundation thereby mitigating wet weather construction setbacks if non lime treated soils are used. All Districts. | | | |
| (5) RECOMMENDED ACTION It is recommended the Board: <ol style="list-style-type: none"> 1. Authorize change order No. 3 for the New Passenger Terminal Construction Project in the amount of \$420,000 for placement of lime treated soils as backfill in foundation of new terminal building; and 2. Direct the Director of Airports, or his designee, to approve change order No. 3 in accordance with the Airport-SLO Construct Passenger Terminal Project Construction Change Order Policy adopted by your Board on August 11, 2015. | | | |
| (6) FUNDING SOURCE(S) Project Contingencies | (7) CURRENT YEAR FINANCIAL IMPACT \$420,000 | (8) ANNUAL FINANCIAL IMPACT \$0.00 | (9) BUDGETED? Yes |
| (10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____) | | | |
| (11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A | |
| (14) LOCATION MAP N/A | (15) BUSINESS IMPACT STATEMENT? No | | (16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>1/5/16, 12/8/15, 10/6/15, 8/11/15, 3/17/2015, 10/28/2014, 7/15/2014, 3/11/2014, 11/5/2013, 9/24/2013, 7/23/2013, 3/5/2013.</u> |
| (17) ADMINISTRATIVE OFFICE REVIEW David E. Grim | | | |
| (18) SUPERVISOR DISTRICT(S) All Districts | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: Airports / Kevin Bumen
781-5205

DATE: 2/9/2016

SUBJECT: Request to approve change order No. 3 for the New Passenger Terminal Construction Project at the San Luis Obispo County Regional Airport in the amount of \$420,000 for placement of lime treated soils as backfill in foundation thereby mitigating wet weather construction setbacks if non lime treated soils are used. All Districts.

RECOMMENDATION

It is recommended the Board:

1. Authorize change order No. 3 for the New Passenger Terminal Construction Project in the amount of \$420,000 for placement of lime treated soils as backfill in foundation of new terminal building; and
2. Direct the Director of Airports, or his designee, to approve change order No. 3 in accordance with the Airport-SLO Construct Passenger Terminal Project Construction Change Order Policy adopted by your Board on August 11, 2015.

DISCUSSION

On August 11, 2015 the Board awarded the construction contract for the New Passenger Terminal Project (the "Project") to Q&D Construction, approved a budget for the Project and authorized the Airport to move forward with the Project. Construction began on October 12, 2015 with a ground breaking ceremony held on October 10, 2015 and the subsequent mobilization by the contractor to the site. Since then the contractor has continued with work including demolition of an existing hangar, excavation for the building foundation, implementation of storm water pollution prevention plan measures and the stabilization of the foundation bottom under the previously approved change order #2.

The Project plans and specifications require the contractor to excavate the existing soils from between a depth of approximately 6 feet to 12 feet throughout the building footprint. The previously excavated soils are then to be replaced with imported backfill in multiple lifts not exceeding 8 inches in thickness and compacted until the excavation is backfilled to a subgrade elevation under the building slab. All backfill operations are to be performed under the supervision of the project Geotechnical Soils Engineer and Special Inspector.

Since commencement of his work effort on the Project, the contractor has maintained, that in his opinion, discrepancies exist in the contract documents such that both imported soils and native soils can be used as backfill material. The County interprets the contract documents that imported soils are to be used for backfill. Because of the difference in interpretation, the contractor has indicated that he will proceed with the work using imported soils but has since given the County notice that this work effort is much more extensive than what he included in his bid, and that the work will be subject to a forthcoming claim.

Irrespective of what material is used for backfill, the backfill portion of work has yet to commence due to the recent rains. Both operations can be accomplished with intermittent dry weather days, but the total completion time for each operation will be extended by an equal amount of intermittent wet weather days plus the number of days needed to dry the newly wet soil.

Given the start, stop and restart scenario the Project inevitably faces if the wet weather conditions forecasted for this winter are realized, alternate solutions were sought out by the project team to minimize stoppage times, help with logistics, and to insure sufficient soils with adequate structural characteristics are available for use as backfill. The Project soils engineer and designer have recommended that the best way to mitigate possible wet weather impacts and to enhance the soil characteristics in the native soil for use as backfill is to treat the soil with lime. This is a common process used on soils with similar characteristics to those found on the Project site whenever they are to be used as part of a structural foundation. Any time soils are treated with lime, large amounts of water are needed to help with the exothermic reaction, so the predicted rain will only help with this process.

Following extensive negotiations, the Contractor agreed to treat native soil with lime for an added cost of \$420,000. This would allow for use of native backfill and minimize rain delays. In addition, the contractor would not pursue the claim noted above if import soils were required. The change order includes a release by the contractor for all claims involving soils issues.

The cost associated with this change order is approximately 15% of the total \$2.75M construction contingency approved by the Board. After this change order is approved the available contingency will be \$1,826,295 when prior approved change orders are accounted for. Projects involving Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grant funds require FAA review and approval of any change orders. Normally the FAA will not financially participate in changes that are anticipated or are considered errors or omissions in the project plans and specifications. In the case of this change order, FAA is in the process of determining if this change is eligible for funding and as such has not yet determined if the conditions giving cause to this change order are an unforeseen condition. Documentation for this change order has been presented to the FAA for review.

On August 11, 2015, the Board approved Resolution 2015-204 establishing a change order policy which authorizes the Airports Director to approve individual change orders up to \$210,000. As a result of the cost of the change order No. 3 exceeding this amount, Board approval is required, which Airports is requesting at this time.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel and Public Works has reviewed the construction documents and change order No.3 and have provided direction and assistance to Airports on this matter. The FAA provides grant funding and project oversight.

FINANCIAL CONSIDERATIONS

The total budget for the Project, approved by the Board in August 2015, is \$35,422,008. Included in the total budget for the Project are Construction Contingencies equaling 10% of construction costs or \$2.75 million. There have been two change orders issued on this project, one for \$3,025 and one for \$500,000 therefore \$1,826,975 will be the available contingency balance after this change order is approved. The cost of this change order, \$420,000, is approximately 15% of the construction contingency.

At present time the County will bear the burden of the costs of the change order within the already approved project contingencies. However, there is a possibility that the FAA will participate in the additional cost to the Project resulting from this change order. That determination will be made in the future. If the FAA participates the FAA would reimburse the Airport approximately 90% of the additional cost, or \$380,772 through the use of additional Airport Improvement Program grant funds. The remaining portion of the change order costs would also then be eligible for reimbursement from Passenger Facility Charges (PFCs). No change in overall project budget is requested at this time.

RESULTS

Approval of the recommended actions will allow Airports to provide direction to the contractor to use lime treated soils as backfill thereby minimizing delays to the project that are expected in the wet weather conditions that are forecasted thru this winter. This in turn will allow the project to continue to move forward with minimal interruptions and subsequent/cumulative delay impacts.

ATTACHMENTS

Attachment 1: Change Order No. 3